

## DIOCESAN SYNOD

Title: **PARISH SHARE AND BUDGET 2021 PROPOSAL**

Author: **MAUREEN COLE, INTERIM CHIEF OPERATING OFFICER**

Date: **6 JUNE 2020**

---

### I. INTRODUCTION

In normal circumstances, the June Diocesan Synod would approve the share allocation for 2021 in order to assist parishes in their financial planning. As this is not a formal meeting of Synod, this paper is written to share our current thinking. We will be pleased to receive your feedback, either in or outside this meeting.

It is now expected that the 2021 share allocation and budget will be presented for approval at the Autumn Synod (either October or November).

Bishop Stephen spoke about the challenges facing our Diocese in his March 2019 Presidential Address. Since then we have been on a journey of prayerful reflection and consultation as we grapple with the question of how to address a growing general fund deficit.

As you will have seen from the Report and Accounts, we ended 2019 with a £1.3m deficit on the general fund. This was the third year where CDBF showed a deficit of around £1m.

The 2020 approved Parish Share Calculation included a capped increase and the mutual support applications from MMU's. This resulted in a minus £300k gap against the 2020 budget. COVID-19 has had a significant impact on both parish and diocesan finances. We are currently estimating a 20% reduction in parish share payments against the actual share collected in 2019.

Parish Share is almost three quarters of the diocesan income. Factoring in the reduction in fees plus the reduction of income from our investments is likely to result in a £4m deficit to our general fund at the end of 2020.

Please be assured that we are doing everything possible to manage this situation as best as we can. The diocese is facing a huge challenge and we really appreciate the generosity of parishes and individuals. We ask that parishes pay as much as they possibly can and ideally as near to 100% of their allocation as possible. To manage cashflow, regular monthly payments would help enormously. We are especially grateful to those parishes who are paying in excess of their share allocation.

### 2. PARISH SHARE 2021 Share Allocation vs Budget

Currently we run a hybrid share scheme where:

- 13 of the MMUs are included in the MMU share allocation and most request a grant from the fund. There is limited mutual giving.

- From 2017 the benefice share allocation has included a transition grant which is applied to the share allocation in order that the annual increase is not more than 2.5%.

These two actions have resulted in the total share allocated to parishes/benefices/ MMA's not matching the total share included in the annual diocesan budget i.e. the minus £300k mentioned earlier.

Share paid by our parishes was declining before COVID-19.

All of these were significant contributing factors to the last three years deficit of over £1m per annum.

### **Proposal 1.**

**For 2021 parish share allocated needs to match the 2021 budget.**

#### **Share Scheme Review**

In normal circumstances, we would now propose that a review is undertaken, and a new share scheme is developed. These reviews usually take 12-18 months plus additional time for launch and communications.

### **Proposal 2**

**A full review should be undertaken once we have come out of the COVID-19 pandemic and we better understand the "new normal". Form a task group later this year with preliminary proposals going to Synod in November 2021**

#### **Share allocation for 2021**

For 2021, we are reviewing how to improve the financial position of the diocese and move toward delivering a balanced budget and a three- year plan.

It is still too early to understand the impact of COVID-19. We should have a better understanding in the Autumn

We need to take some action to change the way we allocate share, but it needs to be simple and in the spirit of the existing share scheme.

- For benefices, we are considering allocating the same share in 2021 as 2020 and work towards a 100% payment of share.
- For MMU's we return to the benefice allocation system so that all benefices are working on the same scheme.

### **Proposal 3**

**June Synod to consider the new short-term simplified approach to Share allocation for 2021.**

## **3. RECOMMENDATION**

The Synod is invited to comment on these proposals and to note the direction of travel set out in this paper.